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SUBJECT: THE SECRETARY'S JANUARY 24 MEETING WITH EAST
TIMOR PRESIDENT XANANA GUSMAO

¶1. (U) Classified by EAP A/S Christopher R. Hill, Reasons
1.4 (b) and (d).

¶2. (U) January 24, 2006, 4:30-5:00 PM, Secretary's Outer
Office.

¶3. (U) Participants:

United States:

The Secretary
A/S Christopher R. Hill, EAP
Ambassador Grover Joseph Rees III
Executive Assistant Steve Beecroft
A/S Sean McCormack, PA
EAP/MTS Desk Officer Sameer Sheth (notetaker)

East Timor:

President Xanana Gusmao
Foreign Minister Jose Ramos-Horta
Ambassador Jose Luis Guterres
DCM Constancio Pinto
President's Chief of Staff Hermenegildo Pereira

¶4. (C) SUMMARY: In a meeting with the Secretary on
January 24, President Xanana Gusmao described the
democratic challenges facing East Timor, especially the
importance of having a fair and open election process in
2007, when the first elections since independence in 2002
will take place. On accountability for crimes against
humanity, Gusmao assured the Secretary that East Timor is
committed to revealing the truth. The Secretary stressed
that free and fair elections are not only about the actual
vote and that the entire process should be free and fair
in order to give the election's outcome domestic and
international legitimacy. She expressed concern about an
anti-defamation law the GOET plans to enact. Gusmao said
he also has concerns and will discuss them with Prime
Minister Alkatiri's advisors. Foreign Minister Ramos-
Horta explained East Timor's recently signed treaty with
Australia that equally splits oil and natural gas revenues
in the disputed area of the Timor Sea and defers the
maritime boundary issue for another 50 years. END
SUMMARY.

UNOTIL: EAST TIMOR GRADUATES FROM UN TUTELAGE

¶5. (C) Warmly welcoming President Gusmao, the Secretary
asked him about his trip to New York. Gusmao said he
attended the UNSC meeting to discuss the UN Office in East
Timor (UNOTIL) and that he believes it should end as
planned in May. However, his nation continues to need
assistance to strengthen state institutions and for

democratization. The elections in 2007 will be East Timor's first elections since its independence in 2002, and the process needs to be as fair and open as possible. The recent eight-month long local elections illustrated both the capabilities and the weaknesses of Timorese institutions. Gusmao said that while in New York, he requested the UN to establish a small political office, focused on election assistance and additional advisors for the financial, justice, and police sectors. The Secretary said she is pleased Gusmao believes UNOTIL should end as planned because this is a sign of East Timor's success. She expressed confidence that other UN agencies can assist in helping East Timor face its remaining challenges.

16. (C) Gusmao stated that Timorese police especially need international training assistance in respecting human rights (for example, on when to resort to lethal force) since there are many complaints of human rights violations. The justice sector is also weak due to the lack of proper training and professionalism. The Secretary agreed that police sector reform remains a key challenge in East Timor and noted that the United States has similar programs that are effective in many nations and is currently working on how to provide assistance to East Timor.

DEMOCRACY: NOT JUST ABOUT THE ACTUAL VOTE

17. (C) The Secretary said the United States looks forward to the upcoming elections and that free and fair elections do not begin on the day of the actual vote; instead, they begin with the entire electoral process--i.e., ensuring an open media and that the government in office is not unfairly advantaged. She stressed that the "campaign process gives people the confidence" that an election is free and fair. The UN Electoral Assistance Division, the International Republican Institute, and the National Democratic Institute would be helpful in ensuring a legitimate and open process. President Gusmao replied that the first steps include drafting an electoral law and educating civil society; the Secretary commended him for East Timor's early focus on organization.

18. (C) The Secretary asked Gusmao about the new penal code that the Timorese government plans to enact and expressed Washington's hope that a criminal defamation provision in the new code will not go into effect. She emphasized this is important because it will set the context within which the elections--and whether they are perceived as free and fair--will play out. Gusmao said government officials must be better able than ordinary citizens to accept public scrutiny, and that he plans to discuss his concerns about the defamation provision with Prime Minister Alkatiri's advisors when he returns to East Timor. The Secretary agreed public officials should not be privileged, adding that early decisions correctly made are very important in a young democracy like East Timor's.

ACCOUNTABILITY AND FOREIGN RELATIONS

19. (C) The Secretary encouraged Gusmao to ensure the Truth and Friendship Commission (TFC) does its work credibly and holds public hearings. Gusmao said he met with Indonesian President Susilo Bambang Yudhoyono on December 24 and will work with him to reveal the truth since their individual credibility and that of their nations are at stake. East Timor's CAVR (Commission for Reception, Truth, and Reconciliation) Report--a copy of which Gusmao gave Secretary-General Annan on January 20--is a first test that will measure how prepared Indonesian society is to accept the truth. Yudhoyono fully understands that the responsibility to reveal the truth must be a shared enterprise. Gusmao said East Timor is committed "not to play games" in the TFC and continues to search for a

viable approach in cooperation with the Indonesia.

¶10. (C) Foreign Minister Ramos-Horta briefed the Secretary on the recently signed Timor Sea treaty with Australia. The treaty provides for an equal split of oil and gas revenues as well as a 50-year deferral of the "seemingly irreconcilable" issue of the maritime boundary between the two nations. East Timor will negotiate the placement of the pipeline and production facilities over the next few months; it will not be dogmatic though and will propose that the World Bank conduct an independent study on the feasibility of a pipeline connection to East Timor. Ramos-Horta added that a production facility in East Timor will make the agreement better while one in Australia would instead taint it with bitterness.

¶11. (C) Gusmao said East Timor's relations with Australia are good, and those with Indonesia continue to strengthen. East Timor and Indonesia have agreed to approximately 99% of the common border. He cited the recent border incident--in which the East Timor Border Police Unit shot dead three alleged former militia members from Indonesia--to reiterate the importance of proper training of and better communication for the Border Police Unit in order to avoid future incidents. The Secretary agreed, adding that with a newly democratic Indonesia, both nations have common work to pursue.

RICE